

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Numbering Resource Optimization)	CC Docket No. 99-200
)	

**COMMENTS OF THE CELLULAR TELECOMMUNICATIONS & INTERNET
ASSOCIATION**

The Cellular Telecommunications & Internet Association (“CTIA”),¹ hereby responds to the Commission’s Numbering Audit Program Public Notice seeking comment on its audit program for random and “for cause” audits.²

I. INTRODUCTION AND SUMMARY

In furtherance of its effort to promote the efficient allocation and use of numbering resources, the Commission adopted in its *Second Report and Order* an auditing requirement to monitor carrier compliance with its numbering rules.³ In a January 15, 2002 Public Notice (“*Numbering Audit Program Notice*”), the Common

¹ CTIA is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the association covers all Commercial Mobile Radio Service (“CMRS”) providers and manufacturers, including cellular, broadband PCS, ESMR, as well as providers and manufacturers of wireless data services and products.

² See *Numbering Resource Optimization*, CC Docket No. 99-200, *Public Notice*, DA 02-108 (rel. June 11, 2001) (“*Numbering Audit Program Notice*”).

³ *Numbering Resource Optimization, Second Report and Order*, CC Docket No. 99-200 (rel. Dec. 29, 2000) (“*Second Report and Order*”). See also *Numbering Resource Optimization, Second Report and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 99-200 (rel. March 31, 2000) (“*Report and Order*”).

Carrier Bureau established a Numbering Audit Program, which proposes both a “Standard Data Request” based on the audit requirements needed to validate carriers’ numbering resource utilization and forecast (“NRUF”) data submitted to the NANPA, and an additional “Internal Control Questionnaire” which seeks to audit carriers’ compliance with a set of requirements that are not included in any of the Commission’s prior numbering orders or rules.

As described below, CTIA supports the Commission’s efforts to assure the efficient use of numbering resources, including establishment of a uniform national audit system to validate the NRUF data. However, CTIA strongly objects to including the “Internal Control Questionnaire” as part of the audit process, as the questionnaire will impose new compliance requirements on carriers, and require carriers of all types and sizes to establish one-size-fits-all internal controls that are not required by the Commission’s number utilization rules. The need for these costly and burdensome Internal Controls have not been justified in the record. Carriers have every incentive to comply with the numbering reporting rules since they will be forced to return any numbering resources that are the fruits of inaccurate reporting, and will be ineligible to receive additional numbering resources. If an audit finds evidence of inaccurate NRUF reporting, the Commission can use the enforcement process to impose additional requirements on individual carriers as warranted by the carrier’s specific conduct, and in the unlikely event of widespread compliance problems, the Commission can revise its numbering audit program through the traditional notice and comment procedures to establish rules governing carriers’ record keeping and internal controls for assigning numbering resources.

CTIA urges the Commission to reconsider the proposal to use the new audit requirements to examine carriers' internal processes and staffing decisions. The audits should focus on confirming the accuracy of a carrier's NRUF reporting.

II. THE COMMISSION SHOULD NARROW THE SCOPE OF ITS NUMBERING AUDIT PROGRAM TO ACHIEVE THE UNDERLYING PURPOSE OF THE AUDIT RULES

The Commission's inclusion of internal controls testing information in the Numbering Audit Program goes well beyond the information necessary to achieve the underlying purpose of the audit programs. The Commission's audit rules were designed to "provide a level of confidence in the accuracy of data reported by carriers" and "identify inefficiencies in the manner in which carriers use numbers, such as excessive use of certain categories of numbers such as administrative, aging, or intermediate numbers."⁴ When the Commission adopted the original auditing requirements, the industry generally agreed with the Commission that certain benefits would inure to the industry and the public by implementing nationwide rules to monitor the industry's use of numbering resources.

CTIA continues to believe that the Commission's rules should promote numbering resource optimization and increase the accuracy of data reporting; however, by imposing an overly elaborate auditing system, the Commission will not only unnecessarily complicate the process, but it will diminish the Commission's ability to audit a sufficient number of entities. The internal control questionnaire will neither "monitor compliance with the Commission's numbering rules and applicable industry

⁴ *Second Report and Order* at ¶83.

guidelines” nor “verify the accuracy and validity of the numbering data submitted to the Commission.”⁵

A. THE INTERNAL CONTROL QUESTIONNAIRE ADOPTED BY THE COMMISSION IS UNNECESSARY, COSTLY, AND BURDENSOME

The Commission’s auditing requirements were never intended to be a burdensome or costly regulation. In its *Second Report and Order*, the Commission expressly rejected the use of “scheduled” audits to avoid the associated costs and unnecessary auditing.⁶ Prior to adopting the original “for cause” and random auditing requirements in the *Second Report and Order*, the Commission sought comment on the “comparative costs and benefits associated with performing each type of audit”.⁷ The costs associated with imposing internal control auditing requirements are needless and far outweigh any tangible benefit.

The Bureau’s audit program work steps require detailed information regarding a company’s internal policies and compliance procedures, and set forth a system of internal controls that will require carriers to devote substantial dedicated resources and staff if they are to satisfy the Internal Control Questionnaire audit criteria. Compliance with these requirements has the potential to impose inordinate burdens on carriers at extremely high costs, without any basis in the record that such a burden is warranted by carriers’

⁵ *Numbering Audit Program Notice* at 1 (citing *Report and Order*).

⁶ *Second Report and Order* at ¶85 (rejecting the scheduled audits because of their “exorbitant costs”).

⁷ *Second Report and Order* at ¶83.

conduct. As explained below, the Commission has failed to show any reason that additional auditing requirements are necessary to monitor carrier compliance with the Commission's numbering rules. The costs of the Bureau's far-reaching auditing program are not justified by the corresponding benefits.

The costs of the auditing carriers' internal controls far exceed what the Commission originally intended, namely, that the audit costs "be minimal since the carrier's primary responsibility when being audited is to provide the Auditor with requested information."⁸ The new reporting requirements will create hundreds of hours of work, far in excess of the estimate of record-keeping requirements for purposes of the Paperwork Reduction Act of 1995, and will unnecessarily burden carriers.⁹ These requirements are particularly burdensome for small and rural wireless carriers, who will be pressed to dedicate personnel, training, and resources to establish internal controls that are not appropriate to companies that may only have a single switch. The Commission should not force the industry to waste its resources at a time when it is preparing to meet more important implementation deadlines—local number portability ("LNP") and TBNP. Costs associated with complying with the requirements of the "Internal Control Questionnaire" will be borne by the industry, and passed through to their customers. In addition, the additional audit fees paid by the North American Billing and Collection Agent ("NBANC") to the auditor for work that goes beyond the scope of validating

⁸ *Id.* at ¶99.

⁹ The Commission should be mindful of the enormous challenges and drain on resources facing the wireless industry just as carriers prepare to "turn out" thousands-block number pooling ("TBNP" or "pooling") in more than 160 numbering plan areas ("NPAs").

carriers' NRUF data will end up on consumers' bills. Not only will the industry and consuming public bear the administrative costs of the additional auditing requirements, the Commission will waste valuable resources reviewing information that is not needed to validate carriers' compliance with the Commission's rules.

III. THE COMMISSION SHOULD NOT INVESTIGATE INTERNAL COMPLIANCE PRACTICES UNTIL A RECORD OF INACCURATE OR IRRESPONSIBLE REPORTING HAS BEEN ESTABLISHED

There has been no showing that additional auditing requirements are warranted. Unless and until the audits establish a record to the contrary, the Commission should assume that carriers are behaving responsibly with respect to the reporting of numbering resources. While the Commission rightly concludes that the role of NANPA to perform audits for purposes of "for cause" audits is not in any way altered by the Bureau's new auditing requirements, there is no justification for the imposition of costly additional auditing requirements.¹⁰ Rather than add new auditing requirements, the Commission should focus its efforts on validating the actual NRUF data submitted to the NANPA. Furthermore, absent a showing of need, the auditing costs should be kept to a minimum and there is no authorization to go beyond the existing rules. If and when the Commission finds evidence of inaccurate reporting, it can impose additional requirements to its numbering audit program and examine internal company processes as appropriate.

IV. THE COMMISSION SHOULD CLARIFY THE BUREAU'S NUMBERING AUDITING PROGRAM WORK SHEET

The Bureau's Numbering Audit Program Notice suffers from the additional defect

¹⁰ *Second Report and Order* at ¶93.

that several items requested are confusing and ambiguous. First, the Commission should clarify that the primary carrier or codeholder is not responsible for tracking "assigned" or other types of utilization of intermediate numbers provided to and under control of other carrier entities.¹¹ A carrier entity, such as a reseller, that receives intermediate numbers from the reporting carrier, is responsible for tracking and providing utilization of those numbers. Second, the portion of the Auditing Program Worksheet requesting information on the last two initial requests and requests for additional resources should be limited to approved requests to clarify that the applications relate to resources provided by NANPA, rather than pending or withdrawn applications.¹² The examples of authorizing evidence to provide service should include FCC licenses.¹³ Finally, the audit request should clearly identify the Operating Company Number (OCN) name to whom the audit is being directed since a company or parent company could have multiple OCNs. Rather than complicate the existing system, the Commission would be wise to clarify any ambiguities to avoid further confusion with respect to audits.

¹¹ See *Numbering Audit Program Notice*, Appendix A, Lines 29, 30 and Attachment 2, E-2 (The questions ask for the process of reclassifying "intermediate" to "assigned". This would not be appropriate for the primary carrier who has provided "intermediate numbers to carrier entities.).

¹² See *Numbering Audit Program Notice*, Appendix A, Lines 45, 48.

¹³ See *Numbering Audit Program Notice*, Appendix A, Lines 46.

IV. CONCLUSION

For these reasons, CTIA respectfully requests that the Commission reconsider its new numbering audit program.

Respectfully submitted,

/s/ _____

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